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MAY 02 2012

U.S. DEPT. OF THE INTERIOR
OFFICE OF SURFACE MINING
Mine Site Evaluation
State Program

DIV OF OIL, GAS, & MINING



1. Permittee/Person GENWAL COAL CO., INC.		9. Permit Number UT-015-032	10. Permit Type PP
2. Address P. O. BOX 910		11. Field Visit Date 4/3/2012 <small>mm - dd - yyyy</small>	12. Purpose OP
3. City EAST CARBON		13. SRA Present Y	
4. State UT		14. Permit Status A	15. Site Status TC
5. Zip Code 84520		16. Facility Type B	
6. Phone Number (435) 888-4000		17. OSM Office # 140	18. CCID #
7. Operator Name, if Different than Permittee UTAHAMERICAN ENERGY INC.		19. Land Code SF	
8. Mine Name CRANDALL CANYON #1		20. M.S.H.A. ID # 42-01715	21. State Abbrev. UT
		22. County/Burrough EMERY	
		23. AVS Permittee Entity ID Number 108257	24. State Office

25. Hours

16.0	a. Permit Review
2.5	b. Site Visit Time
17.0	c. Travel Time
4.0	d. Report Writing

26. Signature Block

Christine Belka
Signature:
Christine Belka, ID#182
Printed Name:
Date: 4/19/2012

27. Reviewing Official:

[Signature]
Signature:
Review Date: 4-19-12
mm - dd - yyyy
Is Supplemental MSE Page Used Y/N Y

Permit Type - Item 10 IP = Interim Program PP = Permanent Program NP = No Permit

Purpose Type Codes - Item 12

Oxx...Oversight
Axx...Assistance

Rfx...Reclamation Fees
Fxx...Federal Actions

CCR...Citizen Complaint Referral (non-site visit)
CC...Citizen Complaint (initial site visit)
CCF...Assistance

Joint Inspection - Item 13 A joint inspection is when a state inspector accompanies an OSM inspector at any time during the review of the mine site

Permit Status - Item 14

A Active: Coal mining activities occurring or permitted but not yet disturbed.
IN Inactive (Permanent Program Permit): Phase II completed or Temporary Cessation of Operations. (Interim Program Permit): Coal mining completed and reclamation activities initiated.
BR Bond Release: Reclamation completed and State Regulatory Authority(RA) has released all of the bond (Phase III Release).

AB Abandoned: All surface and underground coal mining activities have ceased and operator has left the site without completing reclamation as defined in 30 CFR 840.11(g).
AB1 Bond Forfeiture: Bond forfeiture officially in process or completed and reclamation in progress or not yet commenced.
AB2 Partially Reclaimed Forfeiture: Forfeited site where all bonds have been used to reclaim site, but site not reclaimed to Program standards.
AB3 Reclaimed Forfeiture: Forfeited site that has been reclaimed to Program standards.
NA Not Applicable: When site is unpermitted.

Site Status - Item 15

ND No Disturbance: No coal mining and reclamation operations have been started.
EX Coal Exploration: Coal exploration operations have started and where coal mining operations have not begun.
AP Active Coal Producing: Coal surface mining activities are occurring.
AN Active Non-Producing: Active non-producing facility such as tipple or preparation plant.
NM No Mining: The Permit Status is active, site is not in Temporary Cessation, no surface coal mining activity, and site not regraded.

MC Mining Complete: No mining activity on site, site regraded and awaiting bond release.
TC Temporary Cessation: The RA has granted cessation of mining pursuant to 30 CFR 816/817.13(b).
P1 Phase I Release: At least Phase I bond release granted for entire permitted area. For interim permits, partial bond release.
P2 Phase II Release: At least Phase II bond release for the entire permitted area.
P3 Phase III Release: Reclamation completed and the RA has released all bond.

NS Non-Site Visit: Status of site not determined.
FP Forfeiture Pending: The RA is pursuing actions to revoke the permit, collect the performance bond(s), and/or reclamation of forfeited site is in progress.
FR Forfeited and Reclaimed: Forfeiture reclamation completed.
FO Abandoned Site: Abandoned site that is permitted but there is no bond.
WC Wildcat: Coal mining and reclamation operations have or are taking place and the activity is not covered by the required permits from the RA.

Facility Type Codes - Item 16

A...Surface
B...Underground
C...Preparation Plant

D...Ancillary (Haulroad, Conveyor, and/or Rails)
E...Refuse and/or Impoundment
F...Loading Facility and/or Tipple
G...Stockpiles

H...Exploration Permits
I...Notice of Intent to Explore
J...Exempt 16 and 2/3

K...Government Financed Construction Exemption
L...Remining site permitted under 30 CFR 785.25

Small Business Regulatory Enforcement Fairness Act (SBREFA)

Your Comments are Important

The Small Business and Agriculture Regulatory Enforcement Ombudsman and 10 Regional Fairness Boards were established to receive comments from small businesses about Federal agency enforcement actions. The Ombudsman will annually evaluate the enforcement activities and rate each agency's responsiveness to small business. If you are a small business (a business with 500 or fewer employees including those of affiliates) and wish to comment on the enforcement or compliance activities of OSM, call 1-888-REG-FAIR (1-888-734-3247).

U.S. DEPT. OF THE INTERIOR
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Permittee/
Person GENWAL COAL CO., INC.

Permit
Number UT-015-032

Field Visit
Date 4/3/2012

State Program
Continuation Page

28. Performance Standard Categories

Codes: 1=Compliance, 2=Noncompliance, 3=Not Planned, 4=Not Started, 5=Noncompliance Identified Elsewhere, 6=Previously Cited, 7=Permit Defect

A. Administrative

1. Mining within Valid Permit
2. Mining within Bonded Area
3. Terms & Conditions of Permit
4. Liability Insurance
5. Ownership and Control
6. 1 Temporary Cessation
7. AML Rec. Fees - Non-Respondent
8. AML Rec. Fees - Failure to Pay

B. Hydrologic Balance

1. 1 Drainage Control
2. Inspections & Certifications
3. 1 Siltation Structures
4. 1 Discharge Structures
5. Diversions
6. Effluent Limits
7. Ground Water Monitoring
8. Surface Water Monitoring
9. Drainage - Acid-Toxic Materials
10. 1 Impoundments
11. 1 Stream Buffer Zones

C. Topsoil & Subsoil

1. Removal
2. Substitute Materials
3. Storage and Protection
4. Redistribution

D. Backfilling & Grading

1. Exposed Openings
2. Contemporaneous Reclamation
3. Approximate Original Contour
4. Highwall Elimination
5. Steep Slopes (includes downslope)
6. Handling of Acid and Toxic Materials
7. Stabilization (rills and gullies)

E. Excess Spoil Disposal

1. Placement
2. Drainage Control
3. Surface Stabilization
4. Inspections & Certifications

F. Coal Mine Waste (Refuse Piles/Impoundments)

1. Drainage Control
2. Surface Stabilization
3. Placement
4. Inspections & Certifications
5. Impounding Structures

G. Use of Explosives

1. Blaster Certification
2. Distance Prohibitions
3. Blast Survey/Schedule
4. Warnings & Records
5. Control of Adverse Effects

H. Subsidence Control Plan

I. Roads

1. Road Construction
2. Certification
3. Drainage
4. Surfacing and Maintenance
5. Reclamation

J. Signs & Markers

1. Signs
2. Markers

K. Distance Prohibitions

L. Revegetation

1. Vegetative Cover
2. Timing

M. Postmining Land Use

N. Other

General
Performance
Category

Performance Standard Categories 30 CFR Counterparts

A. Administrative

- | | |
|-----------------------------------|-------------------------|
| 1. Valid Permit | 773.11 |
| 2. Mining within Bonded Area | 773.11 |
| 3. Terms & Conditions of Permit | 773.17 |
| 4. Liability Insurance | 800.60 |
| 5. Ownership and Control | 778.13 |
| 6. Temporary Cessation | 842.11(a) & 816/817.131 |
| 7. AML Rec. Fees - Non-Respondent | 870.15(b) |
| 8. AML Rec. Fees - Failure to Pay | 870.15(a) |

B. Hydrologic Balance (816/817.41-57)

- | | |
|------------------------------------|-----------|
| 1. Drainage Control | 45 |
| 2. Inspections & Certifications | 49(a)(10) |
| 3. Siltation Structures | 46 |
| 4. Discharge Structures | 47 |
| 5. Diversions | 43 |
| 6. Effluent Limits | 42 |
| 7. Ground Water Monitoring | 41(c) |
| 8. Surface Water Monitoring | 41(e) |
| 9. Drainage-Acid - Toxic Materials | 41(f) |
| 10. Impoundments | 49 |
| 11. Stream Buffer Zones | 57 |

C. Topsoil & Subsoil (816/817.22)

- | | |
|---------------------------|-------|
| 1. Removal | 22(a) |
| 2. Substitute Materials | 22(c) |
| 3. Storage and Protection | 22(c) |
| 4. Redistribution | 22(d) |

D. Backfilling & Grading (816/817.95-107)

- | | |
|---------------------------------------|-----------------------------------|
| 1. Exposed Openings | 816/817.13, 14, 15, & 823.11 & 21 |
| 2. Contemporaneous Reclamation | 100 |
| 3. Approximate Original Contour | 102(a)(1) |
| 4. Highwall Elimination | 102(a)(2) |
| 5. Steep Slopes (includes downslope) | 107 |
| 6. Handling of Acid & Toxic Materials | 102(c) |
| 7. Stabilization (rills and gullies) | 95(b) |

E. Excess Spoil Disposal (816/817.71-74)

- | | |
|---------------------------------|-------|
| 1. Placement | 71(e) |
| 2. Drainage Control | 71(f) |
| 3. Surface Stabilization | 71(g) |
| 4. Inspections & Certifications | 71(h) |

F. Coal Mine Waste (Refuse Piles/Impoundments) (816/817.81-84)

- | | |
|-----------------------------------|-------|
| 1. Drainage Control | 83(a) |
| 2. Surface Stabilization | 83(b) |
| 3. Placement | 83(c) |
| 4. Inspections and Certifications | 83(d) |
| 5. Impounding Structures | 84 |

G. Use of Explosives (816/817.61-68)

- | | |
|-------------------------------|---------|
| 1. Blaster Certification | 61(c) |
| 2. Distance Prohibitions | 61(d) |
| 3. Blast Survey/Schedule | 62-64 |
| 4. Warnings & Records | 66 & 68 |
| 5. Control of Adverse Effects | 67 |

H. Subsidence Control Plan (817.121-122)

I. Roads (816/817.150-151)

- | | |
|------------------------------|---------------|
| 1. Road Construction | 150(c) |
| 2. Certification | 151(a) |
| 3. Drainage | 150(b)-151(d) |
| 4. Surfacing and Maintenance | 150(e)-151(d) |
| 5. Reclamation | 150(f) |

J. Signs & Markers (816/817.11)

- | | |
|------------|--------------------------|
| 1. Signs | 11(a),(b), & (c) |
| 2. Markers | 11(a),(b),(d),(e), & (f) |

K. Distance Prohibitions (761.11)

L. Revegetation (816/817.111-116)

- | | |
|---------------------|-----------|
| 1. Vegetative Cover | 111 & 116 |
| 2. Timing | 113 |

M. Postmining Land Use (816/817.133)

OSM Action

- | | |
|-----------------------------|--|
| 1) Deferred to State Action | 6) ID-CO Issued (Imminent Danger to Public) |
| 2) TDN issued | 7) Previously cited by RA, abatement pending |
| 3) NOV issued | 8) Abated during or before OSM inspection |
| 4) FTA-CO Issued | 9) Follow-up of Federal Action |
| 5) IH-CO Issued | 0) Off-site impact with no violation |

Off-Site Impacts

For each type of impact and resource affected, enter
"N, D, or J" to describe the degree of off-site impact:
N - Minor Occurrence
D - Moderate Occurrence
J - Major Occurrence

Page 2 of 2

Revised October 1, 2010

Mine Site Inspection

Mine Name: Crandall Canyon Mine

Permittee: Genwal Resources, Inc.

Permit ID #: C/015/0032

Inspection Date: April 3, 2012 10:00 – 12:30

Weather Conditions: Mild, clear, dry ground conditions

Participants:

April Abate, Division of Oil, Gas, and Mining (DOGM)

Christine Belka, Office of Surface Mining Reclamation and Enforcement (OSMRE) #182

Steve Christensen, DOGM

Paul Clark, OSMRE

Amanda Daniels, DOGM

Ken Hoffman, DOGM

Karl Houskeeper, DOGM

JD Leonard, Genwal Resources, Inc. (Genwal)

Brent Means, OSMRE

Field Evaluation

This was a partial oversight inspection focused on water treatment and effluent discharge monitoring at the Crandall Canyon Mine.

Genwal has two Utah Pollutant Discharge Elimination System (UPDES) outfall locations on this mine site. The sedimentation pond discharge culvert is outfall 001 and the water treatment system's discharge structure is outfall 002. The sedimentation pond was not discharging; the water treatment system was discharging at the time of inspection. Genwal maintains field testing equipment for temperature, pH, specific conductance, iron, and dissolved oxygen onsite. Mine staff calibrates this equipment weekly and collects samples monthly.

The water treatment system was operating during the inspection. Genwal adds a chemical coagulant to the mine discharge water, circulates the water through a maelstrom unit aerator, adds a chemical flocculent, and circulates the discharge through a baffled impoundment to cause iron particulates to settle out of suspension. Orange iron precipitate accumulates in each cell of the baffled impoundment, with greater quantities settled in the first cell and progressively smaller quantities in each sequential cell. The impoundment discharge structure is narrow, which causes the water to channelize and flow at a relatively high velocity. The relatively high discharge velocity allows the water to carry small amounts of iron precipitate out of the impoundment (see photo 6786). The Crandall Creek does not show signs of recent iron staining, although signs of prior years' staining are still evident along the stream margin.

Genwal recently submitted a permit revision to DOGM which proposed a plan to dry and dispose of the precipitated iron sludge. The charged iron particles do not form a cohesive mass that could be removed or disposed of easily. Genwal vacuums the sludge from the impoundment, which reportedly yields a waste product that is approximately 90 – 95% water. Iron would not be classified as a hazardous waste,

but the local landfill does not accept fluidized waste. Iron precipitate is currently stored in the primary sedimentation pond (see photo 6788). This pond is nearing its sediment storage capacity and will likely require clean-out this year. DOGM has not yet finished its review of the revision application.

Genwal applied shotcrete to the highwall where several small seeps exist. The seeps are destabilizing the shotcrete and large pieces are sloughing off into the impoundment. The shotcrete remaining on the highwall presents a safety hazard, as it is likely to fall down in the vicinity of the impoundment (see photo 6787). This could harm persons below or compromise the integrity of the impoundment.

The mine discharge water requires treatment to bring iron levels into compliance with UPDES standards. DOGM's hydrologist and Genwal's contracted hydrologist issued conflicting reports regarding the potential duration of the pollutorial discharge. DOGM found the discharge is likely to be perpetual; Genwal's contracted hydrologist found the discharge will no longer require treatment after three years. While it is currently impossible to verify the duration of pollutorial discharge, Genwal is liable for treating the discharge for the entire duration it is noncompliant under UPDES criteria.

OSM continues to have concerns regarding the bond held for this site and is monitoring the DOGM / Board process to ensure Genwal posts adequate financial assurance.

No enforcement actions were taken as a result of this inspection.

I&E Inspection Photos

Permit: UT-015-032

Inspection Date: 4/3/2012

Permittee: GENWAL COAL CO., INC.



Notes:

Photo ID: 6784

Photographer: SMICBELKA

Date Taken: 4/3/2012

State: UT

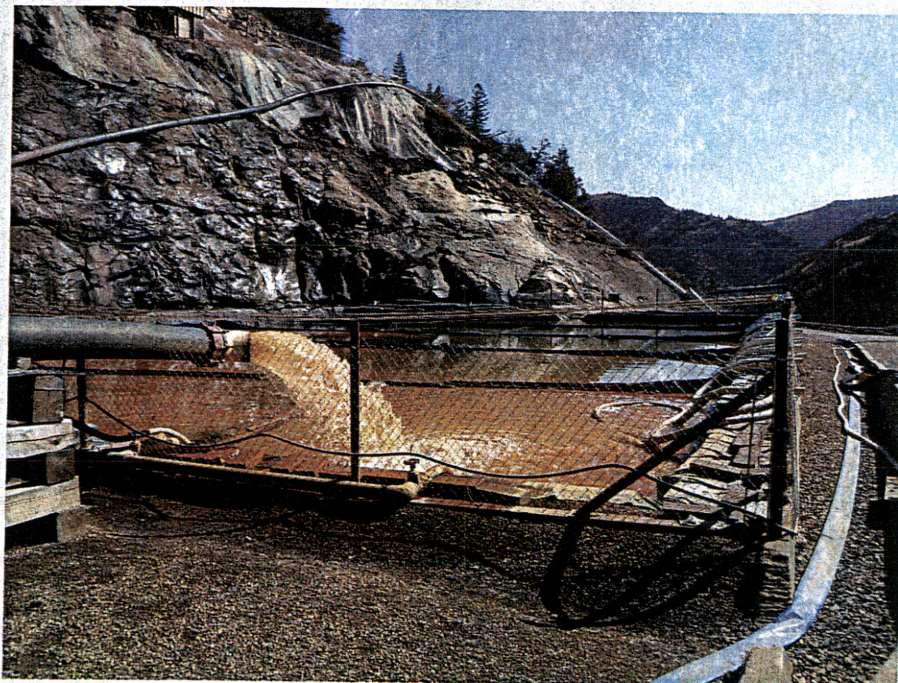
County: EMERY

Latitude: 0392738

Longitude: 1110959

Subject: MAELSTROM UNIT AERATOR

Mine Name: CRANDALL CANYON # 1



Notes:

Photo ID: 6785

Photographer: SMICBELKA

Date Taken: 4/3/2012

State: UT

County: EMERY

Latitude: 0392738

Longitude: 1110959

Subject: WATER TREATMENT FACILITY

Mine Name: CRANDALL CANYON # 1

I&E Inspection Photos

Permit: UT-015-032

Inspection Date: 4/3/2012

Permittee: GENWAL COAL CO., INC.



Notes:

Photo ID: 6786

Photographer: SM/CBELKA

Date Taken: 4/3/2012

State: UT

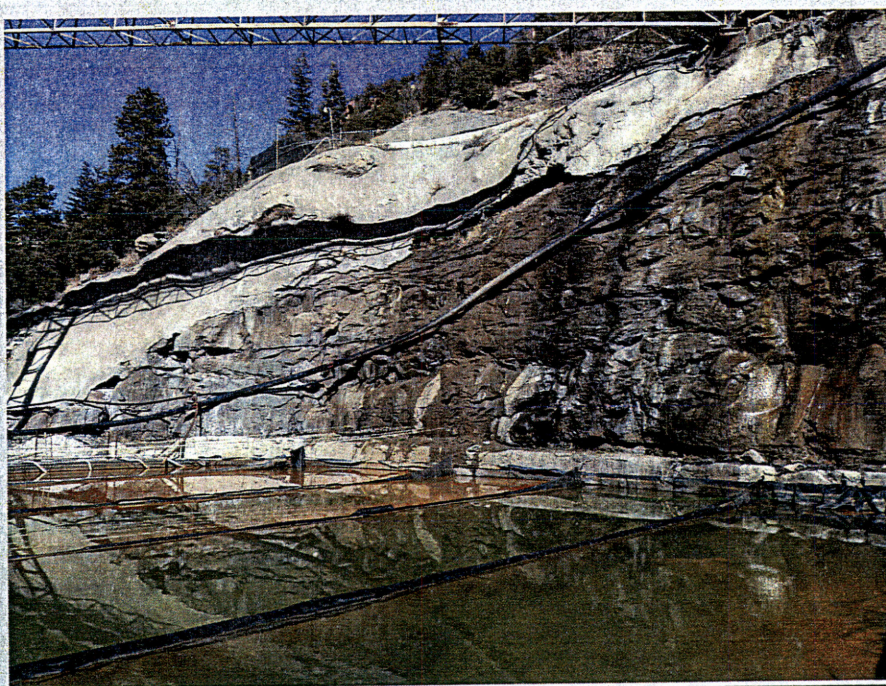
County: EMERY

Latitude: 0392738

Longitude: 1110959

Subject: IRON STAINING AT TREATMENT SYSTEM OUTFALL

Mine Name: CRANDALL CANYON # 1



Notes:

Seeps along the highwall compromise the shotcrete, which is falling into the water treatment structure.

Photo ID: 6787

Photographer: SM/CBELKA

Date Taken: 4/3/2012

State: UT

County: EMERY

Latitude: 0392738

Longitude: 1110959

Subject: SHOTCRETE ON HIGHWALL CREATES SAFETY HAZARD BELOW

Mine Name: CRANDALL CANYON # 1

I&E Inspection Photos

Permit: UT-015-032

Inspection Date: 4/3/2012

Permittee: GENWAL COAL CO., INC.



Notes:

Genwal does not yet have an approved method for disposing of iron sludge.

Photo ID: 6788

Photographer: SMICBELKA

Date Taken: 4/3/2012

State: UT

County: EMERY

Latitude: 0392738

Longitude: 1110959

Subject: SEDIMENT POND NEAR CLEANOUT LEVEL

Mine Name: CRANDALL CANYON # 1



Notes:

Remnants of historic iron staining evident, no recent staining noted. Fish were observed in the creek immediately below this location.

Photo ID: 6789

Photographer: SMICBELKA

Date Taken: 4/3/2012

State: UT

County: EMERY

Latitude: 0392738

Longitude: 1110959

Subject: CRANDALL CREEK AT OUTFALL LOCATION

Mine Name: CRANDALL CANYON # 1